

Registered number: 07680422

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016



**MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2016

Trustees

Ms A E Burgess (resigned 21 March 2016)^{2,3}
Mrs K Champion²
Mr D J Griffiths^{1,3}
Mr M A Liquorish^{2,3}
Mrs S Longville, Executive Headteacher^{1,2,3}
Mr R S Pearson^{1,3}
Mr A E Walpole, Chair^{1,2,3}

¹ Finance and Premises Committee

² Standards Committee

³ Member

Company registered number 07680422

Company name Marches Academy Trust

Principal and registered office

The Marches School
Morda Road
Oswestry
Shropshire
SY11 2AR

Company secretary Mrs J Jones

Accounting Officer Mrs S Longville

Senior management team

Mrs S Longville, Executive Headteacher
Mr D O'Toole, Headteacher
Mrs A Pearson, Senior Deputy Headteacher
Mrs R Lloyd, Associate Deputy Headteacher
Mr T Stonall, Associate Deputy Headteacher
Mrs C Buckle, Assistant Headteacher
Ms O Glackin, Assistant Headteacher
Mrs C Dawson, Assistant Headteacher
Mr T Whitworth, Assistant Headteacher
Mrs J Jones, Business Manager

Independent auditors

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
1-3 College Yard
Worcester
WR1 2LB

Bankers

Barclays Bank PLC
44 - 46 Castle Street
Shrewsbury
Shropshire
SY1 2BU

**MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Advisers (continued)

Solicitors	Browne Jacobson Victoria Square House Victoria Square Birmingham B2 4BU
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**MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2016. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates 2 academies for pupils aged 11 to 18 in Shropshire. The Marches School has a pupil capacity of 1500 and had a roll of 1350 in the school census in October 2015. Sir John Talbot's School joined the Trust on 1st September 2014 as a sponsored academy with a capacity of 771, it had 464 pupils on roll at the October 2015 census.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust.

The Trustees of Marches Academy Trust are also the directors of the charitable company for the purposes of company law. The Charitable Company is known as The Marches Academy Trust.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the Company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust. The limit of this indemnity is £2,000,000.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- up to 10 Trustees who are appointed by the members.
- The total number of Trustees who are employees must not exceed one third of the total number of Trustees.

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

**MARCHES ACADEMY TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

Each School within the Trust has its own Local Governing Body each of which contain at least 2 parent members.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Academy has a Trustee Recruitment, Induction and Training policy available from the Clerk to the Trustees.

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

Organisational Structure

The Board of Trustees normally meets twice each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 2 committees as follows;

- Finance Committee - this meets twice each term and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements, receiving reports from the Responsible Officer and drafting the annual budget including setting staffing levels. It also monitors on going premises and site matters.
- Standards Committee - this meets twice each term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues. The committee also monitors the staffing establishment, appointment procedures, performance management, pay policies and staff salaries.

The following decisions are reserved to the Board of Trustees; to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the Trustees, to approve the Annual Development Plan and budget.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy Trust to the Executive Headteacher. At an individual Academy Level the Executive Headteacher, Headteacher and Leadership Group (LG) are responsible for the day to day management of the schools. The LG comprises the Executive Headteacher, Associate Headteacher, Senior Deputy Headteacher, Associate Deputy Headteacher, Assistant Headteachers and the Business Manager. The LG implement the policies laid down by the Trustees and report back to them on performance.

In addition to the Trust board and its committees each school within the Trust has a Local Governing Body (LGB). The LGB meets twice each term and contains representatives from the Trust board, Parents and local community. These bodies are responsible for holding the Headteacher and Trustees to account over the performance of the School. Minutes of LGB meetings are reviewed at Trust board meetings to ensure that any issues raised are formally considered.

The Executive Headteacher is the Accounting Officer.

**MARCHES ACADEMY TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the Board of Trustees and the senior leadership team comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year.

The pay of key management personnel is reviewed annually and increased in line with the uplifts in the School Teachers Pay and Conditions document.

Connected Organisations, including Related Party Relationships

There are no related parties which either control or significantly influence the decisions and operations of The Marches Academy Trust. There are no formal Parent Teacher Associations associated with the Academy.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Academy Trust is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing schools, offering a broad and balanced curriculum.

At The Marches, we aim to get the best for, and from, each student. We intend to enable each student to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Academy Trust is a community in which students, staff and parents should be part of a happy and caring environment.

Objectives, Strategies and Activities

Key activities and targets were identified in the Development Plan and were influenced by the significant challenges and opportunities arising from national changes in education policy and funding. The activities included the following:

- To implement the 'Marches Futures' programme across all year groups, empowering students to gain a wider range of skills to boost employability and involvement in the community.
- To ensure that all students achieve their personal best by developing a personalised approach to their learning.
- To ensure that the gap is closed between all sub groups and that all students are given every opportunity to make progress, achieve and attain in line with their peers.

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy Trust aims to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad and balanced curriculum.

The Academy provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

STRATEGIC REPORT

**Achievements and Performance
The Marches School**

The total number of students in the year ended 31 August 2015 was 1350 but this has increased to 1429 in September 2016 due to a large intake in year 7, in excess of the published admission number and demonstrating that The Marches truly is the School of choice in the Oswestry area.

In August 2016 our second cohort of Sixth Form students received their A-level results, the outcome was outstanding with 36% of students achieving 2 or more A* - B grades. One of this year's cohort has accepted a place at Cambridge university, our first Sixth Form student to do so.

Our year 11 students also received their GCSE results in August 2016, the School achieved a progress 8 score of -0.04 indicating that our students are broadly in line with national standards. In total, 60.5% of students achieved A*-C grades in Maths and English.

The School pays close attention to student attendance and works hard to ensure that students maintain a good attendance record. Average attendance this year was 95.13%, an improvement on the 95.08% achieved in 2015.

The School is committed to more than just academic outcomes for its students and this year launched the 'Marches Futures' award. The award has been developed in conjunction with business and the wider community to develop skills on our students to boost employability and their contribution to the community. The award has been a great success and will be rolled out to Sir John Talbot's School in 2016/17.

The School takes great pride in its links with the local community and once again hosted a community fun day supported by a large local employer. Several thousand visitors attended on the day and the event is now very much embedded in the local calendar.

Sir John Talbot's School

Sir John Talbot's School joined the Trust on 1st September 2014 as a sponsored academy.

The total number of students in the year ended 31st August 2016 was 464 but this had increased to 504 in September 2016 following strong recruitment into year 7.

In August 2016 our Sixth Form students received their A-level results, 25% of students achieved 2 or more A* - B grades and 100% of students achieved 3 or more A*-E grades.

Our year 11 students also received their GCSE results in August 2016, the School achieved a progress 8 score of -0.11 indicating that our students are broadly in line with national standards. In total, 54% of students achieved A*-C grades in Maths and English.

The School continues to forge strong links with the local community; the on-site leisure centre has in excess of 300 members from across the community and the School hosts regular 'Business Forum' meetings which are well attended and supported.

Key Performance Indicators

The main financial performance indicator is the level of reserves held at the Balance Sheet date. In particular, in the period under review unrestricted general reserves totalled £283,981 and restricted reserves (excluding pension deficit) were £161,101.

Another key financial performance indicator is staffing costs as a percentage of income. For 2016 this was 81%.

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

adoption of the going concern basis can be found in the Accounting Policies on pages 23 - 27.

FINANCIAL REVIEW

Financial Review

Most of the Academy's income is obtained from the DfE via the EFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2016 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2016, total expenditure of £10,588,909 was covered by recurrent grant funding from the DfE, together with other incoming resources of £597,697.

At 31 August 2016 the net book value of fixed assets was £17,074,607 and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 23 to the financial statements.

Reserves Policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free cash reserves should be approximately £200,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The Academy's current level of reserves (total funds less the amount held in fixed assets and restricted funds) is £283,981, of which £283,981 is free reserves.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

Investment Policy

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. All funds surplus to immediate requirements are invested to optimal effect. On a daily basis this is achieved by automatic transfer of surplus funds to overnight deposit.

Principal Risks And Uncertainties

The Board of Trustees has reviewed the major risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the EFA. In the last year 94% of the Academy's incoming resources was ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

Reputational - the continuing success of the Academies are dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has appointed a Responsible Officer to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Trustees examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Trustees' and Finance and Premises Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in Note 23 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

PLANS FOR FUTURE PERIODS

The Trust will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. The Schools in the Trust will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Trust will continue to work with partner schools to improve the educational opportunities for students in the wider community.

Full details of our plans for the future are given in our Development Plan, which is available on our website or from the Clerk to the Trustees.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

**MARCHES ACADEMY TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016**

AUDITORS

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Trustees' report, incorporating a strategic report, approved by order of the Board of Trustees, as company directors, on 5 December 2016 and signed on the board's behalf by:



**Arthur Walpole
Chair of Trustees**

**MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Trustees, we acknowledge we have overall responsibility for ensuring that Marches Academy Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Executive Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Marches Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 7 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Ms A E Burgess	5	6
Mrs K Campion	7	7
Mr D J Griffiths	6	7
Mr M A Liquorish	7	7
Mrs S Longville (Executive Headteacher and Accounting Officer)	7	7
Mr R S Pearson	6	7
Mr A E Walpole (Chair)	7	7

The **Finance Committee** is a sub-committee of the main Board of Trustees. Its purpose is to monitor, evaluate and review policy and performance in relation to financial management, compliance with reporting and regulatory requirements, receiving reports from the responsible officer and drafting the annual budget.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Mr D J Griffiths (Chair)	6	6
Mrs S Longville (Executive Headteacher and Accounting Officer)	6	6
Mr M Liquorish	6	6
Ms A E Burgess	5	5
Mr R S Pearson	5	6
Mr A E Walpole	6	6
Mrs K Campion	6	6

The Audit Committee requirement is satisfied by the Finance and Premises Committee receiving reports from an appointed external Responsible Officer.

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GOVERNANCE STATEMENT (continued)

REVIEW OF VALUE FOR MONEY

As Accounting Officer, the Executive Headteacher has responsibility for ensuring that the Academy delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy has delivered improved value for money during the year by:

Collaborating with other Schools – The Trust engages in many collaborative activities sharing ideas and innovations with other schools in order to continually improve standards and outcomes for our students. In the year, the trust has worked closely with the PiXL Schools network and we have also worked closely with another local academy sharing some back office costs and expertise which enables a greater proportion of our financial resources to be directed towards providing educational benefit.

Investment in staffing – The Trust places great emphasis on ensuring that our teaching staff are delivering the highest possible quality of education to our students. We deliver high quality CPD courses in house as well as investing in external courses to ensure staff are fully updated on recent developments. We have also undertaken a review of internal processes and procedures carried out by our support staff using the 'lean' methodology. This has resulted in a redesigned support staff structure which more efficiently supports the needs of the Trust and its schools.

Review of major contracts – During the summer period a review of the cleaning contracts was undertaken and a tender exercise carried out. The two schools operated the cleaning function in different ways, one in-house and the other contracted out. The review identified that contracting out was the best solution and both schools were subsequently contracted to a single supplier from September 2017.

Our endeavours on achieving value for money are continuous. We continue to seek alternative sources of funding to increase income at a time of increasing costs and frozen funding levels.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Marches Academy Trust for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

CAPACITY TO HANDLE RISK

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

THE RISK AND CONTROL FRAMEWORK

The Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;

**MARCHES ACADEMY TRUST
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GOVERNANCE STATEMENT (continued)

- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Bishop Fleming LLP, the external auditors, to perform additional checks.

The auditors' role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On a termly basis, the auditors report to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

No material control issues arising as a result of the auditor's work have been identified.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Executive Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditors;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Premises Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 5 December 2016 and signed on their behalf, by:



Mr A E Walpole
Chair of Trustees



Mrs S Longville
Accounting Officer

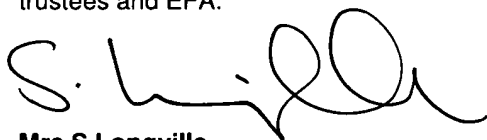
**MARCHES ACADEMY TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Marches Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.



**Mrs S Longville
Accounting Officer**

Date: 5 December 2016

**MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016**

The Trustees (who act as governors of Marches Academy Trust and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Strategic report, the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees and signed on its behalf by:



**Mr A E Walpole
Chair of Trustees**

Date: 5 December 2016

**MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE BOARD OF TRUSTEES
OF MARCHES ACADEMY TRUST**

We have audited the financial statements of Marches Academy Trust for the year ended 31 August 2016 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the Academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the Academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE BOARD OF TRUSTEES
OF MARCHES ACADEMY TRUST**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Andrew Wood FCCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

1-3 College Yard

Worcester

WR1 2LB

Date: *12th December 2016.*

**MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO MARCHES
ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 19 August 2014 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Marches Academy Trust during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Marches Academy Trust and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Marches Academy Trust and EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Marches Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF MARCHES ACADEMY TRUST'S ACCOUNTING OFFICER AND THE
REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of Marches Academy Trust's funding agreement with the Secretary of State for Education dated 29 July 2011, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy's income and expenditure.

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO MARCHES
ACADEMY TRUST AND THE EDUCATION FUNDING AGENCY (continued)**

CONCLUSION

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Andrew Wood FCCA (Reporting Accountant)

Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
1-3 College Yard
Worcester
WR1 2LB

Date: *12th December 2016.*

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations & capital grants:						
Transfer from Local Authority on conversion	2	-	-	-	-	3,831,155
Other donations and capital grants	2	-	-	38,549	38,549	551,316
Charitable activities	3	243,381	9,358,250	-	9,601,631	9,376,992
Other trading activities	4	131,119	-	-	131,119	110,755
Investments	5	6,813	-	-	6,813	5,547
Other income		184,457	-	-	184,457	117,514
TOTAL INCOME		565,770	9,358,250	38,549	9,962,569	13,993,279
EXPENDITURE ON:						
Charitable activities		539,781	9,570,133	478,993	10,588,907	10,003,815
TOTAL EXPENDITURE	8	539,781	9,570,133	478,993	10,588,907	10,003,815
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between Funds	19	25,989 (171,280)	(211,883) (6,939)	(440,444) 178,219	(626,338) -	3,989,464 -
NET INCOME / (EXPENDITURE) BEFORE OTHER GAINS AND LOSSES						
		(145,291)	(218,822)	(262,225)	(626,338)	3,989,464
Actuarial losses on defined benefit pension schemes	23	-	(1,832,000)	-	(1,832,000)	(101,000)
NET MOVEMENT IN FUNDS		(145,291)	(2,050,822)	(262,225)	(2,458,338)	3,888,464
RECONCILIATION OF FUNDS:						
Total funds brought forward		429,272	(2,317,077)	17,341,824	15,454,019	11,565,555
TOTAL FUNDS CARRIED FORWARD		283,981	(4,367,899)	17,079,599	12,995,681	15,454,019

The notes on pages 22 to 41 form part of these financial statements.

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07680422

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	14		17,074,607		17,457,335
CURRENT ASSETS					
Stocks	15	773		773	
Debtors	16	332,400		328,122	
Cash at bank and in hand		1,121,198		1,637,348	
		<u>1,454,371</u>		<u>1,966,243</u>	
CREDITORS: amounts falling due within one year	17	(1,004,297)		(1,376,559)	
NET CURRENT ASSETS			<u>450,074</u>		<u>589,684</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>17,524,681</u>		<u>18,047,019</u>
Defined benefit pension scheme liability	23		<u>(4,529,000)</u>		<u>(2,593,000)</u>
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u><u>12,995,681</u></u>		<u><u>15,454,019</u></u>
FUNDS OF THE ACADEMY TRUST					
Restricted funds:					
Restricted funds	19	161,101		275,923	
Restricted fixed asset funds	19	17,079,599		17,341,824	
Restricted funds excluding pension liability		<u>17,240,700</u>		<u>17,617,747</u>	
Pension reserve		<u>(4,529,000)</u>		<u>(2,593,000)</u>	
Total restricted funds			<u>12,711,700</u>		<u>15,024,747</u>
Unrestricted funds	19		<u>283,981</u>		<u>429,272</u>
TOTAL FUNDS			<u><u>12,995,681</u></u>		<u><u>15,454,019</u></u>

The financial statements were approved by the Trustees, and authorised for issue, on 5 December 2016 and are signed on their behalf, by:



Mr A E Walpole
Chair of Trustees

The notes on pages 22 to 41 form part of these financial statements.

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	21	(452,715)	227,022
Cash flows from investing activities:			
Interest received		6,813	613
Purchase of tangible fixed assets		(108,797)	-
Capital grants from DfE/EFA		38,549	(25,098)
Net cash used in investing activities		(63,435)	(24,485)
Change in cash and cash equivalents in the year		(516,150)	202,537
Cash and cash equivalents brought forward		1,637,348	1,434,811
Cash and cash equivalents carried forward		1,121,198	1,637,348

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Marches Academy Trust constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Marches Academy Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Marches Academy Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The Trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliation's to previous UK GAAP for the comparative figures are included in note 28.

1.2 FUND ACCOUNTING

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy at the discretion of the Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Department for Education.

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

**MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of financial activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Sponsorship income provided to the Academy which amounts to a donation is recognised in the Statement of financial activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.4 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Charitable Activities are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

1.5 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements..

**MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £500 are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of financial activities and carried forward in the Balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Land and buildings	-	Land: over 125 years Buildings: over 50 years Property improvements: over 10 years
Office equipment	-	5 years straight line
Computer equipment	-	3 years straight line

1.7 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy; this is normally upon notification of the interest paid or payable by the Bank.

1.8 OPERATING LEASES

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.9 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost is based on the cost of purchases on a first in first out basis.

1.10 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

1.11 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

**MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.12 LIABILITIES AND PROVISIONS

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation.

1.13 FINANCIAL INSTRUMENTS

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Financial instruments includes cash at bank, trade debtors, accrued income from financial instruments (comprising dividends and interest due from investments), trade creditors and accrued expenditure.

1.14 TAXATION

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.15 PENSIONS

Retirement benefits to employees of the Academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the Academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 23, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

**MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

1.16 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Interim results of the actuarial valuation performed as at 31st March 2016 indicate a deficit significantly lower than that disclosed in these accounts. The full actuarial valuation reviews the assets and liabilities of the pension fund in a more detailed manner and as a result the deficit is significantly lower than disclosed. The Trust considers a key factor in the Local Government Pension Fund to be the employer contribution rate which is due to reduce in April 2017 as a result of the full actuarial valuation.

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Transfer from Local Authority on conversion	-	-	-	-	3,831,155
Capital Grants	-	-	38,549	38,549	551,316
	-	-	38,549	38,549	4,382,471

In 2015, of the total income from donations and capital grants, £3,831,155 was to restricted funds

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATION

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant	-	8,791,592	8,791,592	8,392,639
Other DfE/EFA grants	-	372,280	372,280	398,577
	-	9,163,872	9,163,872	8,791,216
Other government grants				
Other government grants non capital	24,998	194,378	219,376	403,935
	24,998	194,378	219,376	403,935
Other funding				
Internal catering income	13,051	-	13,051	24,318
Income for hosting trainee teachers	205,332	-	205,332	157,523
	218,383	-	218,383	181,841
	243,381	9,358,250	9,601,631	9,376,992

In 2015, of the total income from charitable activities, £256,387 was to unrestricted funds and £9,671,921 was to restricted funds.

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Lettings	131,119	-	131,119	110,755

In 2015, of the total income from other trading activities, £110,755 was to unrestricted funds.

5. Investment income

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest	6,813	-	6,813	5,547

In 2015, of the total investment income, £5,547 was to unrestricted funds.

6. DIRECT COSTS

	Total 2016 £	Total 2015 £
Pension finance costs	102,000	97,000
Educational supplies	230,291	249,143
Examination fees	145,558	154,704
Staff development	57,646	40,487
Other costs	5,239	7,750
Supply teachers	83,006	54,106
Wages and salaries	5,564,695	5,314,404
National insurance	455,630	378,049
Pension cost	867,020	722,625
Depreciation	491,524	414,812
	8,002,609	7,433,080

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

7. SUPPORT COSTS

	Total 2016 £	Total 2015 £
Pension finance costs	3,000	-
Educational supplies	32,947	45,900
Other costs	113,496	110,111
Recruitment and support	51,360	55,259
Maintenance of premises and equipment	155,751	185,491
Cleaning	111,900	108,957
Rent and rates	68,209	70,350
Energy costs	193,437	205,855
Insurance	132,090	122,188
Security and transport	40,192	47,792
Catering	87,890	86,044
Technology costs	143,492	119,753
Office overheads	171,214	155,779
Legal and professional	161,672	155,847
Bank charges	555	(32)
Governance	15,680	19,580
Wages and salaries	853,652	832,820
National insurance	51,983	44,009
Pension cost	197,778	205,032
	<u>2,586,298</u>	<u>2,570,735</u>

8. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Education:					
Direct costs	6,963,351	-	1,039,258	8,002,609	7,412,080
Support costs	1,110,413	-	1,475,885	2,586,298	2,551,155
	<u>8,073,764</u>	<u>-</u>	<u>2,515,143</u>	<u>10,588,907</u>	<u>9,963,235</u>

In 2016, of the total expenditure, £539,783 (2015: £417,195) was to unrestricted funds and £9,945,124 (2015: £9,565,620) was to restricted funds.

MARCHES ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

9. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- owned by the charity	491,524	414,813
Auditors' remuneration - audit	14,975	14,975
Auditors' remuneration - other services	705	4,605
Operating lease rentals	90,493	91,501
	<u>797,697</u>	<u>525,894</u>

10. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	6,418,347	6,147,224
Social security costs	507,613	422,058
Operating costs of defined benefit pension schemes	1,064,798	933,657
	<u>7,990,758</u>	<u>7,502,939</u>
Supply teacher costs	83,006	45,606
	<u>8,073,764</u>	<u>7,548,545</u>

The average number of persons employed by the Academy during the year was as follows:

	2016 No.	2015 No.
Teachers	127	118
Administration and support	108	115
Management	10	10
	<u>245</u>	<u>243</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2016 No.	2015 No.
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	1	1
In the band £100,001 - £110,000	0	1
In the band £110,001 - £120,000	1	0

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the Senior Management Team, as detailed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £755,330 (2015: £711,843). The increase is due to a disproportionate increase in pension and National Insurance contributions.

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FOR THE YEAR ENDED 31 AUGUST 2016

11. CENTRAL SERVICES

The Academy has provided the following central services to its academies during the year:

- Payroll & HR
- Legal & Professional
- Finance
- Insurance
- Marketing
- Executive Headteacher

The Academy charges for these services on the following basis:

5% of GAG Income

The actual amounts charged during the year were as follows:

	2016 £	2015 £
The Marches School	316,958	289,421
Sir John Talbot's School	117,951	112,482
Total	<u>434,909</u>	<u>401,903</u>

12. GOVERNORS' REMUNERATION AND RELATED PARTY TRANSACTIONS

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff, and not in respect of their services as Trustees. Other Trustees did not receive any payments from the Academy in respect of their role as Trustees. The value of Trustees' remuneration including pension contributions in respect of defined benefit schemes in the year was as follows; Ms H Griffiths (Daughter of Mr D Griffiths): Remuneration £35,000 - £40,000 (2015: £35,000 - £40,000), Employer's pension contributions £5,000 - £10,000 (2015: £5,000 - £10,000); Mrs S Longville (Executive Headteacher): Remuneration £115,000 - £120,000 (2015: £110,000 - £115,000), Employer's pension contributions £15,000 - £20,000 (2015: £15,000 - £20,000).

During the year, no Trustees received any benefits in kind (2015: £NIL).

During the year, no Trustees received any reimbursement of expenses (2015: £NIL).

13. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim. For the year ended 31 August 31 the cover was provided through the Education Funding Agency's Risk Protection Arrangement. Accordingly, the cost of the trustee element is not separately identifiable.

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NOTES TO THE FINANCIAL STATEMENTS
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14. TANGIBLE FIXED ASSETS

	Assets under the course of construction £	Land and buildings £	Office equipment £	Computer equipment £	Total £
COST					
At 1 September 2015	5,326	18,406,273	23,024	229,109	18,663,732
Additions	33,680	36,007	-	39,109	108,796
Transfer between classes	(19,679)	19,679	-	-	-
At 31 August 2016	19,327	18,461,959	23,024	268,218	18,772,528
DEPRECIATION					
At 1 September 2015	-	1,099,413	14,362	92,622	1,206,397
Charge for the year	-	417,472	4,243	69,809	491,524
At 31 August 2016	-	1,516,885	18,605	162,431	1,697,921
NET BOOK VALUE					
At 31 August 2016	19,327	16,945,074	4,419	105,787	17,074,607
At 31 August 2015	5,326	17,306,860	8,662	136,487	17,457,335

15. STOCKS

	2016 £	2015 £
Goods for resale	773	773

16. DEBTORS

	2016 £	2015 £
Trade debtors	42,590	36,305
Other debtors	2,139	4,092
Prepayments and accrued income	209,224	191,239
Tax recoverable	78,447	96,486
	332,400	328,122

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FOR THE YEAR ENDED 31 AUGUST 2016

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	552,373	700,769
Other taxation and social security	149,917	127,846
Other creditors	191,621	214,781
Accruals and deferred income	110,386	333,163
	<u>1,004,297</u>	<u>1,376,559</u>
	2016 £	2015 £
DEFERRED INCOME		
Deferred income at 1 September 2015	28,720	20,388
Resources deferred during the year	35,309	28,720
Amounts released from previous years	(28,720)	(20,388)
Deferred income at 31 August 2016	<u>35,309</u>	<u>28,720</u>

At the year end, £26,869 has been deferred in respect of rates reimbursement received in advance, £5,000 in respect of a contribution to an award received in advance, and £3,440 in respect of support worker income received in advance.

18. FINANCIAL INSTRUMENTS

	2016 £	2015 £
Financial assets measured at fair value through income and expenditure	1,121,198	1,637,348
Financial assets measured at amortised cost	44,729	40,397
	<u>1,165,927</u>	<u>1,677,745</u>
Financial liabilities measured at amortised cost	<u>1,004,297</u>	<u>1,376,559</u>

Financial assets measured at fair value through income and expenditure comprise cash at bank.

Financial assets measured at amortised cost comprise trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and deferred income.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

19. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General funds	308,768	565,770	(527,250)	(63,307)	-	283,981
Unrestricted fixed assets	120,504	-	(12,531)	(107,973)	-	-
	<u>429,272</u>	<u>565,770</u>	<u>(539,781)</u>	<u>(171,280)</u>	<u>-</u>	<u>283,981</u>
RESTRICTED FUNDS						
General Annual Grant (GAG)	274,946	8,824,692	(8,931,598)	(6,939)	-	161,101
Higher Needs funding	-	145,566	(145,566)	-	-	-
Pupil Premium (PP)	-	387,992	(387,992)	-	-	-
Young Apprentices	977	-	(977)	-	-	-
Pension reserve	(2,593,000)	-	(104,000)	-	(1,832,000)	(4,529,000)
	<u>(2,317,077)</u>	<u>9,358,250</u>	<u>(9,570,133)</u>	<u>(6,939)</u>	<u>(1,832,000)</u>	<u>(4,367,899)</u>
RESTRICTED FIXED ASSET FUNDS						
Fixed assets transferred on conversion	15,264,524	-	(293,662)	-	-	14,970,862
Fixed assets purchased from GAG and other restricted funds	176,409	-	(59,639)	6,939	-	123,709
Academies Capital Maintenance Fund (ACMF)	1,669,322	-	(98,061)	-	-	1,571,261
Devolved Formula Capital (DFC)	119,827	38,549	(25,331)	-	-	133,045
Building refurbishment grant	111,742	-	(2,300)	-	-	109,442
Fixed Assets purchased from General Funds	-	-	-	171,280	-	171,280
	<u>17,341,824</u>	<u>38,549</u>	<u>(478,993)</u>	<u>178,219</u>	<u>-</u>	<u>17,079,599</u>
Total restricted funds	<u>15,024,747</u>	<u>9,396,799</u>	<u>(10,049,126)</u>	<u>171,280</u>	<u>(1,832,000)</u>	<u>12,711,700</u>
Total of funds	<u>15,454,019</u>	<u>9,962,569</u>	<u>(10,588,907)</u>	<u>-</u>	<u>(1,832,000)</u>	<u>12,995,681</u>

The specific purposes for which the funds are to be applied are as follows:

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NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS:

General Annual Grant (GAG) - income in restricted funds relates the General Grant which is provided to the School by the Education Funding Agency in order to fund the day-to-day operations of the School.

Pupil Premium (PP) - income in restricted grants relates to funding provided by the Education Funding Agency for the School to provide additional support to pupils from low income families.

Higher Needs funding - in restricted grants relates to funding provided by Shropshire Council for the School to provide additional support to pupils with high needs.

Young apprentices in Science funding - in restricted grants relates to funding provided by Shropshire Council for pupils to undertake additional study in science.

Pension reserve - this represents the academy's share of the assets and liabilities in the Local Government Pension Scheme.

RESTRICTED FIXED ASSET FUNDS:

Fixed assets transferred on conversion - this represents the buildings and equipment donated to the school from the Local Authority on conversion to an academy.

Fixed assets purchased from GAG - this represents capital assets that have been purchased out of restricted GAG funding.

Academies Capital Maintenance Fund (ACMF) - are restricted grants relates to a grant provided to the School from the Academies Capital Maintenance fund to be used for the building work on new sixth form building.

Devolved Formula Capital funding (DFC) - are restricted grants relates to funding provided by the Education Funding agency for the School to use for the purchase or maintenance of fixed assets.

Building refurbishment grant - is a restricted grant towards the cost of refurbishing an adjoining property for us as an educational facility.

TRANSFERS BETWEEN FUNDS:

The transfers between the restricted, unrestricted and restricted fixed asset fund represents the transfer of capital expenditure from the General Annual Grant (GAG) and unrestricted funds during the year.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

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NOTES TO THE FINANCIAL STATEMENTS
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19. STATEMENT OF FUNDS (continued)

ANALYSIS OF ACADEMIES BY FUND BALANCE

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £	Total 2015 £
The Marches School	277,089	440,152
Sir John Talbot's School	151,275	243,649
Marches Academy Trust	16,720	21,394
Total before fixed asset fund and pension reserve	445,084	705,195
Restricted fixed asset fund	17,079,599	17,341,824
Pension reserve	(4,529,000)	(2,593,000)
Total	12,995,683	15,454,019

ANALYSIS OF ACADEMIES BY COST

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2016 £	Total 2015 £
The Marches Academy	5,037,144	473,318	255,120	1,305,267	7,070,849	6,743,447
Sir John Talbot's School	1,983,342	246,352	118,475	558,402	2,906,571	2,675,485
Central Services	40,592	294,015	-	(301,331)	33,276	53,433
	7,061,078	1,013,685	373,595	1,562,338	10,010,696	9,472,365

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Tangible fixed assets	-	-	17,074,607	17,074,607	17,457,336
Current assets	283,981	1,165,399	4,992	1,454,372	1,966,242
Creditors due within one year	-	(1,004,298)	-	(1,004,298)	(1,376,559)
Pension scheme liability	-	(4,529,000)	-	(4,529,000)	(2,593,000)
	283,981	(4,367,899)	17,079,599	12,995,681	15,454,019

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21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016 £	2015 £
Net (expenditure)/income for the year (as per Statement of financial activities)	(626,338)	3,989,464
Adjustment for:		
Depreciation charges	491,524	414,813
Interest received	(6,813)	(613)
Increase in stocks	-	(149)
Increase in debtors	(4,277)	(80,951)
(Decrease)/increase in creditors	(372,262)	166,929
Capital grants from DfE and other capital income	(38,549)	(551,316)
Defined benefit pension scheme obligation inherited	-	673,000
Defined benefit pension scheme cost less contributions payable	(1,000)	23,000
Defined benefit pension scheme finance cost	105,000	97,000
Net (loss) on assets and liabilities from local authority on conversion	-	(4,504,155)
Net cash (used in)/provided by operating activities	(452,715)	227,022

22. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	1,121,198	1,637,348
Total	1,121,198	1,637,348

23. PENSION COMMITMENTS

The Academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Shropshire County Council. Both are local government pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £123,916 were payable to the schemes at 31 August 2016 (2015: 110,684) and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension

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23. PENSION COMMITMENTS (continued)

benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (previously 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £771,109 (2015: £614,946).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £289,000 (2015: £216,000), of which employer's contributions totalled £213,000 (2015: £163,000) and employees' contributions totalled £76,000 (2015: £53,000). The agreed contribution rates for future years are 14.9% for employers and 5.5-7.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	4.00 %
Rate of increase in salaries	3.30 %	3.80 %
Rate of increase for pensions in payment / inflation	1.90 %	2.30 %
Inflation assumption (CPI)	1.80 %	2.30 %

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23. PENSION COMMITMENTS (continued)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2016	2015
Retiring today		
Males	23.9	23.9
Females	26.4	26.3
Retiring in 20 years		
Males	26.2	26.1
Females	29.2	29.1

The Academy's share of the assets in the scheme was:

	Fair value at 31 August 2016 £	Fair value at 31 August 2015 £
Equities	1,295,000	974,000
Debt instruments	-	194,000
Property	127,000	83,000
Cash	41,000	48,000
Other bonds	479,000	261,000
Other	492,000	290,000
Total market value of assets	2,434,000	1,850,000

The actual return on scheme assets was £287,000 (2015: £59,000).

The amounts recognised in the Statement of financial activities are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	(297,000)	(296,000)
Net interest cost	(105,000)	(97,000)
Past service cost	-	(1,114)
Total	(402,000)	(394,114)
Actual return on scheme assets	287,000	59,000

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23. PENSION COMMITMENTS (continued)

Movements in the present value of the defined benefit obligation were as follows:

	2016 £	2015 £
Opening defined benefit obligation	4,443,000	2,804,000
Current service cost	297,000	296,000
Interest cost	178,000	155,000
Contributions by employees	76,000	79,000
Actuarial losses	2,040,000	102,000
Liabilities assumed in a business combination	-	1,044,000
Benefits paid	(71,000)	(37,000)
Closing defined benefit obligation	6,963,000	4,443,000

Movements in the fair value of the Academy's share of scheme assets:

	2016 £	2015 £
Opening fair value of scheme assets	1,850,000	1,105,000
Interest income	73,000	58,000
Actuarial gains and (losses)	208,000	1,000
Contributions by employer	298,000	273,000
Contributions by employees	76,000	79,000
Assets acquired in a business combination	-	371,000
Benefits paid	(71,000)	(37,000)
Closing fair value of scheme assets	2,434,000	1,850,000

24. OPERATING LEASE COMMITMENTS

- At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
AMOUNTS PAYABLE:		
Within 1 year	40,026	29,616
Between 1 and 5 years	91,330	88,849
Total	131,356	118,465

25. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £ 10 for the debts and liabilities contracted before he/she ceases to be a member.

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26. GENERAL INFORMATION

The Marches Academy Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is Morda Road, Oswestry, Shropshire, SY11 2AR.

27. RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures. The following related party transactions took place in the year:

During the year the Academy engaged Pop Creative to carry out web design. Pop Creative is a connected party by virtue of the director of the company being the husband of a Trustee of the Academy. The value of purchases in the year was £720 (2015: £1,861), with a balance outstanding at the year end of £NIL (2015: £48).

28. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Reconciliation's and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014	31 August 2015
		£	£
Total funds under previous UK GAAP		11,565,555	15,545,019
Total funds reported under FRS 102		<u>11,565,555</u>	<u>15,545,019</u>

Reconciliation of net income/(expenditure)	Notes	31 August 2015
		£
Net income previously reported under UK GAAP		4,010,464
Change in recognition of LGPS interest cost		(21,000)
Net movement in funds reported under FRS 102		<u>3,989,464</u>

Explanation of changes to previously reported funds and net income/expenditure:

A	Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS102 a net interest, based on the net defined benefit liability, is recognised in income/expense. There has been no change to the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit/debit to income/expense and increase the debit/credit in other recognised gains and losses in the SoFA by an equivalent amount.
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